

Auditing Procedures Report V1.04

Reset Form

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Issued under Public Act 2 of 1968, as amended.

Unit Name	ELKLAND TOWNSHIP	County	TUSCOLA	Type	TOWNSHIP	MuniCode	79-1-070
Opinion Date-Use Calendar	Jul 7, 2008	Audit Submitted-Use Calendar	Aug 4, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
<input type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 268,337.00
General Fund Expenditure:	\$ 203,906.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 417,072.00
Governmental Activities Long-Term Debt (see instructions):	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

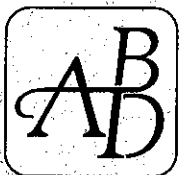
CPA (First Name)	Gary	Last Name	Anderson	Ten Digit License Number	1101005446				
CPA Street Address	715 E Frank St	City	Caro	State	MI	Zip Code	48723	Telephone	+1 (989) 673-3137
CPA Firm Name	Anderson, Tuckey, Bernhardt	Unit's Street Address	715 E Frank St	City	Caro	LU Zip	48723		

TOWNSHIP OF ELKLAND,
TUSCOLA COUNTY
Cass City, Michigan

Report of Financial Statements
(With Required Supplementary and Additional Information)
March 31, 2008

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ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
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Robert L. Tuckey, CPA

July 7, 2008

INDEPENDENT AUDITOR'S REPORT

Township of Elkland
Tuscola County
Caro, Michigan 48723

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Elkland as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Township of Elkland management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended and interpreted, as of March 31, 2008.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Elkland as of March 31, 2008, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis budgetary comparison information on pages i through v and 14 through 17 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Elkland's basic financial statements. The supplemental financial information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Elkland Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Township of Elkland

Management's Discussion and Analysis

For Fiscal Year Ended March 31, 2008

As management of the Township of Elkland, we offer readers of the Township of Elkland's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management Discussion and Analysis (MD&A) – for State and Local Governments issued in June of 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, comparative information with the previous year was not presented.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$766,387 (net assets). Of this amount, approximately \$519,573 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$5,771.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$504,573, an increase of \$12,567.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$417,072, or 178 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent personal property taxes).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes, special assessments and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works, health and welfare, community and economic development, culture and recreational, and other functions.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Township of Elkland

Management's Discussion and Analysis

For Fiscal Year Ended March 31, 2008

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, cemetery fund, fire fund and perpetual care fund which are considered to be major funds.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund, cemetery fund, and the fire fund in the required supplementary information to demonstrate compliance with budgets.

The basic governmental fund financial statements can be found on pages 3 through 5 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 6 of this report.

Notes to the financial statements. The notes provide additional information that is essential to full understanding of the data provided in the government-wide financial statements. The notes to the financial statements can be found on pages 7 through 13 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's general fund and special revenue budget. Required supplementary information can be found on pages 14 through 17 of this report.

Fiduciary fund statement can be found on page 18 of this report.

Township of Elkland

Management's Discussion and Analysis

For Fiscal Year Ended March 31, 2008

Government-wide Financial analysis. As noted earlier, net assets may serve over time as a useful indicator of government's financial position. A portion of the Township's net assets (32 percent) reflects its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the Township does not have any outstanding debt.

Township of Elkland's Net Assets

	Governmental activities March 31, 2008
Current and other assets	\$ 527,721
Capital assets	246,814
Total assets	774,535
Current liabilities	8,148
Net assets:	
Invested in capital assets	246,814
Unrestricted	519,573
Total net assets	\$ 766,387

The remaining balance of unrestricted net assets (\$519,573) may be used to meet the government's ongoing obligations to citizens and creditors.

At end of the current fiscal year, the Township is able to report positive balances.

Township of Elkland

Management's Discussion and Analysis

For Fiscal Year Ended March 31, 2008

Governmental activities. This is a recap of the statement of activities:

Township of Elkland's Changes in Net Assets

	Governmental activities <u>March 31, 2008</u>
Revenues	
Program revenues	
Charges for services	\$ 52,322
General revenues	
Property taxes	
Levied for general purposes	190,911
State sources	111,770
Investment earnings	14,035
Other	<u>2,745</u>
Total revenues	<u>371,783</u>
Expenses	
General government	86,470
Public safety	83,796
Public works	73,458
Recreation and culture	2,000
Cemetery operations	72,744
Other functions	26,342
Depreciation	<u>32,744</u>
Total expenses	<u>377,554</u>
Increase in net assets	<u>(5,771)</u>
Net assets, beginning of year	<u>772,158</u>
Net assets, end of year	<u><u>766,387</u></u>

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Township of Elkland
Management's Discussion and Analysis
For Fiscal Year Ended March 31, 2008

General Fund Budgetary Highlights

The final amended budget was unchanged from the original budget. During the year, budgetary estimates for expenditures were more than actually incurred. The main reasons were that they transferred less to other funds than they expected and they spent less on roads than they budgeted.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of March 31, 2008, amounts to \$246,814 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, and equipment, and office equipment and furniture.

Major capital asset events during the current fiscal year included the following:

Township of Elkland's Capital Assets
(net of depreciation)

	Governmental activities March 31, 2008
Land	35,000
Buildings	22,069
Machinery and equipment	189,745
	<u>\$ 246,814</u>

Additional information on the Township's capital assets can be found in Note 3 on page 11 of this report.

Economic Factors and Next Year's Budgets and Rates

Township of Elkland goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public. The Township has a conservative and financially prudent budget for the fiscal year 2009 that also promotes numerous project objectives.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Township Clerk, 4693 N. Seeger St., Cass City, MI 48726.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF ELKLAND, TUSCOLA COUNTY
STATEMENT OF NET ASSETS
MARCH 31, 2008

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 332,278
Certificates of deposit	137,963
Receivables:	
Taxes	33,418
Other	1,400
Prepaid expenses	<u>22,662</u>
TOTAL CURRENT ASSETS	527,721
CAPITAL ASSETS	
Land	35,000
Capital assets, net of accumulated depreciation	<u>211,814</u>
TOTAL CAPITAL ASSETS	<u>246,814</u>
TOTAL ASSETS	<u>\$ 774,535</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Bank overdrafts	<u>\$ 8,148</u>
TOTAL LIABILITIES	8,148
NET ASSETS	
Invested in capital assets	246,814
Unrestricted	<u>519,573</u>
TOTAL NET ASSETS	<u>766,387</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 774,535</u>

The accompanying footnotes are an integral part of the financial statements.

TOWNSHIP OF ELKLAND, TUSCOLA COUNTY
STATEMENT OF ACTIVITIES
MARCH 31, 2008

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program revenues</u>	<u>Net (expense) revenue and changes in net assets</u>
		<u>Charges for services</u>	<u>Total governmental activities</u>
Primary government			
Governmental activities			
Legislative	\$ 4,041	\$ -	\$ (4,041)
General government	82,429	1,915	(80,514)
Public safety	83,796	9,250	(74,546)
Public works	73,458	-	(73,458)
Recreation and culture	2,000	-	(2,000)
Cemetery operations	72,744	39,482	(33,262)
Other functions	26,342	1,675	(24,667)
Depreciation	32,744		(32,744)
Total governmental activities	<u>\$377,554</u>	<u>\$ 52,322</u>	<u>\$ (325,232)</u>
General revenues			
Taxes			\$ 190,911
Intergovernmental			111,770
Investment income			14,035
Other revenues			<u>2,745</u>
Total general revenues			<u>319,461</u>
Changes in net assets			(5,771)
Net assets, beginning of year			<u>772,158</u>
Net assets, end of year			<u>\$ 766,387</u>

The accompanying footnotes are an integral part of the financial statements.

TOWNSHIP OF ELKLAND, TUSCOLA COUNTY
BALANCE SHEET
Governmental Funds
March 31, 2008

		SPECIAL REVENUE		MAJOR PERMANENT FUND	TOTAL GOVERNMENTAL FUNDS
	GENERAL	CEMETERY FUND	FIRE FUND	PERPETUAL CARE	
<u>ASSETS</u>					
Cash	\$ 280,124	\$ -	\$ -	\$ 52,154	\$ 332,278
Certificates of deposit	121,463	-	-	16,500	137,963
Receivables:					-
Accounts		-			-
Other		-		1,400	1,400
Due from other funds	-	224	-	5,701	5,925
Due from fiduciary funds	18,418				18,418
Prepaid expenses	2,768	6,000	13,894		22,662
TOTAL ASSETS	<u>\$ 422,773</u>	<u>\$ 6,224</u>	<u>\$ 13,894</u>	<u>\$ 75,755</u>	<u>\$ 518,646</u>

<u>LIABILITIES & FUND EQUITY</u>					
Liabilities:					
Bank overdraft		\$ 2,059	\$ 6,089		\$ 8,148
Due to other funds	\$ 5,701	-		\$ 224	5,925
Due to other governmental agencies		-			-
Total L	5,701	2,059	6,089	224	14,073
Fund Equity:					
Undesignated	417,072	4,165	7,805	75,531	504,573
Total Fund Equity	417,072	4,165	7,805	75,531	504,573
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 422,773</u>	<u>\$ 6,224</u>	<u>\$ 13,894</u>	<u>\$ 75,755</u>	<u>\$ 518,646</u>

Total governmental fund balances \$ 504,573

Amounts reported for governmental activities in the statement of net assets are different because

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Cost of the capital assets	\$ 477,971	
Less accumulated depreciation	<u>231,157</u>	246,814

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds

Delinquent personal property taxes receivable, less allowance for doubtful accounts		<u>15,000</u>
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Net assets of governmental activities	<u>\$ 766,387</u>
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The accompanying footnotes are an integral part of the financial statements.

TOWNSHIP OF ELKLAND, TUSCOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended March 31, 2008

		SPECIAL REVENUE		MAJOR PERMANENT FUND	
	GENERAL	CEMETERY FUND	FIRE FUND	PERPETUAL CARE	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Taxes	\$ 180,911				\$ 180,911
License and permits	1,915				1,915
Intergovernmental	72,670		\$ 39,100		111,770
Charges for services		\$ 39,482		\$ 1,675	41,157
Donations			-		-
Investment income	12,576			1,459	14,035
Other revenues	265	2,426	54		2,745
Fire runs			9,250		9,250
TOTAL REVENUES	268,337	41,908	48,404	3,134	361,783
EXPENDITURES:					
Legislative	4,041				4,041
General government	82,429				82,429
Public safety	15,636		68,160		83,796
Public works	73,458				73,458
Recreation and culture	2,000				2,000
Cemetery operations		77,150			77,150
Other	26,342				26,342
TOTAL EXPENDITURES	203,906	77,150	68,160	-	349,216
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	64,431	(35,242)	(19,756)	3,134	12,567
OTHER FINANCING SOURCES (USES):					
Transfers in	-	31,408	-		31,408
Transfers out	(30,000)	-	-	(1,408)	(31,408)
TOTAL OTHER FINANCING SOURCES (USES)	(30,000)	31,408	-	(1,408)	-
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	34,431	(3,834)	(19,756)	1,726	12,567
FUND BALANCE - APRIL 1	382,641	7,999	27,561	73,805	492,006
FUND BALANCE - MARCH 31	\$ 417,072	\$ 4,165	\$ 7,805	\$ 75,531	\$ 504,573

The accompanying footnotes are an integral part of the financial statements.

TOWNSHIP OF ELKLAND, TUSCOLA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 12,567
Governmental funds report capital outlay as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(32,744)
Capital outlay	4,406
Loss on disposal of fixed assets	-
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available.	
Accrued revenue beginning of the year - delinquent personal property tax	(5,000)
Accrued revenue end of the year - delinquent personal property tax	<u>15,000</u>
Change in net assets of governmental activities	<u>\$ (5,771)</u>

The accompanying footnotes are an integral part of the financial statements.

TOWNSHIP OF ELKLAND, TUSCOLA COUNTY
FIDUCIARY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
MARCH 31, 2008

	<u>Current tax collection fund</u>
<u>ASSETS</u>	
Cash	\$ 36,959
Taxes receivable	<u>188,006</u>
TOTAL ASSETS	<u>\$ 224,965</u>
 <u>LIABILITIES</u>	
Due to State	\$ 33,639
Due to Tuscola County	38,229
Due to Cass City Schools	91,296
Due to Rawson Library	8,866
Due to general fund	18,418
Due to intermediate schools	34,517
Due to Owengage School	<u>-</u>
TOTAL LIABILITIES	<u>\$ 224,965</u>

The accompanying footnotes are an integral part of the financial statements.

TOWNSHIP OF ELKLAND, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Township of Elkland, Michigan covers an area of approximately 36 square miles within Tuscola County. The Township operates under an elected Board of Trustees (5 members) and provides services to its more than 3,300 residents in many areas including public works, public safety, community enrichment and development and human services.

The financial statements of the Township of Elkland have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. ADOPTION OF NEW ACCOUNTING STANDARDS:

During the fiscal period 2008, the Township adopted GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999; GASB Statement 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments Omnibus*, and amendment to GASB No. 21 and No. 34, issued June 2001, and in GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, issued in 2001. These statements require the Township to prepare a Management's Discussion and Analysis, government-wide financial statements on an accrual basis, and make some changes to the footnotes.

The table shows beginning net assets related for the effects of implementation of GASB Statement No. 34:

Fund Balance at March 31, 2007 – governmental funds	\$492,006
Net capital assets (restated)	275,152
Deferred property tax revenue	<u>5,000</u>
Restated net assets – April 1, 2007	<u>\$772,158</u>

B. REPORTING ENTITY:

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the financial statements of the Township of Elkland, Tuscola County include the accounts of all Township operations. The Township's major operations include planning and zoning, road maintenance, street lighting, cemetery, paramedic services, cultural and recreational services and general administrative services. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township.

TOWNSHIP OF ELKLAND, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes, special assessments and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current periods. Revenue items are considered to be measurable and available when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

The *Cemetery Fund* is a special revenue fund. It is utilized to account for the charges for the cemetery.

TOWNSHIP OF ELKLAND, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION, (Continued):

The *Fire Fund* is a special revenue fund. It is utilized to account for the fire charges used to pay for fire protection throughout the township.

Permanent fund - The Township utilizes the *Perpetual Care Fund* to account for principal trust amounts received and related interest.

Also, the government reports as fiduciary funds, the tax collection fund (agency fund).

The *Agency Fund* is used to account for the Township's collection of taxes for other governmental units.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments and the public safety millage. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, the unrestricted resources, as they are needed.

E. ASSETS, LIABILITIES AND NET ASSETS

1. Cash and Investments

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value. The Township's deposits and investments are in accordance with statutory authority.

State statutes authorize the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 40% of any fund at any time. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

TOWNSHIP OF ELKLAND, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

E. ASSETS, LIABILITIES AND NET ASSETS (Continued):

3. Receivables

Receivables consist primarily of amounts for taxes and customers charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls, which are secured by the underlying property.

4. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40-60 years
Office Equipment	5-7 years
Computer Equipment	3-7 years

5. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

TOWNSHIP OF ELKLAND, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 2 – LEGAL COMPLIANCE – BUDGETS

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. Encumbrance accounting is employed in governmental funds. Significant encumbrances outstanding at year end, if any, are reported as reservations of fund balances because they will be re-appropriated in the subsequent fiscal year.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. On or prior to April 1 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayers comments.
3. Prior to April 1, the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Board of Trustees.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.
8. The Cemetery Fund and the Fire Fund in several instances exceeded their line item budgeted expenditures by more than 10%. This is a violation of the PA 621 budget act.

NOTE 3 - CAPITAL ASSETS:

A summary of changes in capital assets follows:

	BALANCE MARCH 31, 2007	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	BALANCE MARCH 31, 2008
Assets Not Being Depreciated:				
Land	\$ 35,000			\$ 35,000
Depreciable Assets				
Buildings	132,706			132,706
Machinery & Equipment	<u>310,393</u>	<u>\$ 4,406</u>	<u>\$(4,535)</u>	<u>310,265</u>
Total Cost	478,099	4,406	(4,535)	477,971
Less: Accumulated Depreciation	<u>(202,947)</u>	<u>(32,745)</u>	<u>4,535</u>	<u>(231,157)</u>
Net Carrying Value	<u>\$275,152</u>	<u>\$(28,339)</u>	<u>\$ -</u>	<u>\$246,814</u>

TOWNSHIP OF ELKLAND, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 4 - CASH AND INVESTMENTS:

Cash and investments are held separately by each of the Township's funds.

Interest rate risk. In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: avoiding the need to sell securities prior to maturity and investing operating funds primarily in short term securities, money market mutual funds or similar public investment pools. Securities shall not normally be sold prior to maturity except to minimize loss of principal; to improve the quality, yield or target duration in the portfolio, or to meet liquidity needs.

Credit Risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's).

Concentration of credit risk. The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk- deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2008, \$198,189 of the Township's bank balance of \$498,216 was exposed to custodial credit risk because it was uninsured and uncollateralized. Certificate of deposits amounted to \$137,963 and are included in the above totals. The amount on the books is \$507,200.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counter party, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes investments that are insured or registered, or securities held by the Township's or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered, with securities held by the counter-part's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counter party, or by its trust department or its agent but not in the Township's name. At March 31, 2008, the Township had no Category 1, 2 or 3 investments. Additional disclosures required by GASB 40 are not included in the accompanying financial statements.

The Township's cash, cash equivalents, investments and restricted assets at March 31, 2008 are composed of the following:

	<u>CASH AND CASH EQUIVALENTS</u>	<u>INVESTMENTS</u>	<u>RESTRICTED ASSETS</u>
General Fund:			
Deposits	\$401,587		
Other Funds:			
Deposits	<u>105,613</u>	<u>NONE</u>	<u>NONE</u>
TOTAL	<u>\$507,200</u>	<u>NONE</u>	<u>NONE</u>

TOWNSHIP OF ELKLAND, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 5 - DUE TO AND FROM OTHER FUNDS:

Due to and from other funds balances at March 31, 2008 are as follows:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
General Fund	\$18,418	\$ 5,701
Special Revenue Fund	224	-
Perpetual Care Fund	5,701	224
Trust and agency: Current Tax Collection Fund	-	18,418
TOTAL	<u>\$24,343</u>	<u>\$24,343</u>

NOTE 6 - PROPERTY TAX REVENUE:

Property taxes become an enforceable lien on the property as of July 1 and December 1. Taxes are levied on July 1 and December 1 and are due in September and February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year that includes the December 1 levy date. The Township levied 1.6468 mills for operations on a taxable value of \$88,578,617.

NOTE 7 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above-described activities. The Township did not have any losses in the three prior fiscal years.

NOTE 8 - TRANSFERS:

The general fund transferred \$30,000 to the cemetery fund during the current fiscal year. The perpetual care fund transferred \$1,408 to the cemetery fund during the current fiscal year. The transfers were to subsidize operating expenses.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF ELKLAND, TUSCOLA COUNTY

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended March 31, 2008

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET- FAVORABLE (UNFAVORABLE)</u>
Taxes:				
Current Property Taxes	\$ 145,000	\$ 145,000	\$ 154,939	\$ 9,939
Delinquent tax	12,000	12,000	2,944	(9,056)
Trailer park tax	3,000	3,000	3,185	185
Administrative fee	18,000	18,000	19,843	1,843
TOTAL TAXES	<u>178,000</u>	<u>178,000</u>	<u>180,911</u>	<u>2,911</u>
Licenses and Permits:				
Zoning permits	<u>2,000</u>	<u>2,000</u>	<u>1,915</u>	<u>(85)</u>
Intergovernmental Revenues:				
State Revenue Sharing - Metro	3,000	3,000	2,562	(438)
State Revenue Sharing	<u>67,000</u>	<u>67,000</u>	<u>70,108</u>	<u>3,108</u>
Total Intergovernmental Revenue	<u>70,000</u>	<u>70,000</u>	<u>72,670</u>	<u>2,670</u>
Investment Income:				
Interest income	<u>12,000</u>	<u>12,000</u>	<u>12,576</u>	<u>576</u>
Other Revenue:				
Miscellaneous income	<u>300</u>	<u>300</u>	<u>265</u>	<u>(35)</u>
TOTAL OPERATING REVENUE	<u>262,300</u>	<u>262,300</u>	<u>268,337</u>	<u>6,037</u>
TRANSFERS IN	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND TRANSFERS IN	<u>\$ 262,300</u>	<u>\$ 262,300</u>	<u>\$ 268,337</u>	<u>\$ 6,037</u>

See the accompanying notes.

TOWNSHIP OF ELKLAND, TUSCOLA COUNTY

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended March 31, 2008

	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
Legislative:				
Township Board	\$ 4,041	\$ 4,041	\$ 4,041	\$ -
General Government:				
Township Supervisor	11,463	11,463	10,937	526
Assessor	16,100	16,100	14,580	1,520
Treasurer	27,158	27,158	24,967	2,191
Clerk	14,730	14,730	14,202	528
Board of Review	1,550	1,550	1,440	110
Elections	4,100	4,100	1,580	2,520
Zoning board	4,400	4,400	5,184	(784)
Building and grounds	5,800	5,800	5,939	(139)
Legal and accounting	6,500	6,500	3,600	2,900
TOTAL GENERAL GOVERNMENT	<u>91,801</u>	<u>91,801</u>	<u>82,429</u>	<u>9,372</u>
Public Safety:				
Ambulance Services	15,000	15,000	14,636	364
Drug enforcement	1,000	1,000	1,000	-
TOTAL PUBLIC SAFETY	<u>16,000</u>	<u>16,000</u>	<u>15,636</u>	<u>364</u>
Public Works:				
Road maintenance	20,000	20,000	13,980	6,020
Road construction	57,000	57,000	47,217	9,783
Road mowing	4,500	4,500	3,200	1,300
Drain at large	8,000	8,000	9,061	(1,061)
TOTAL PUBLIC WORKS	<u>89,500</u>	<u>89,500</u>	<u>73,458</u>	<u>16,042</u>
Recreation and Culture:				
Park	2,000	2,000	2,000	-
Other:				
Other intergovernmental	14,900	14,900	14,864	36
Insurance and bonds	1,100	1,100	452	648
Other general government	7,100	7,100	6,398	702
Fringe benefits	4,628	4,628	4,628	-
TOTAL OTHER EXPENSES	<u>27,728</u>	<u>27,728</u>	<u>26,342</u>	<u>1,386</u>
TOTAL EXPENDITURES	<u>231,070</u>	<u>231,070</u>	<u>203,906</u>	<u>27,164</u>
Operating transfer out:				
Fire fund	29,000	29,000	-	29,000
Cemetery fund	71,000	71,000	30,000	41,000
TOTAL EXPENDITURES & TRANSFERS OUT	<u>\$ 331,070</u>	<u>\$ 331,070</u>	<u>233,906</u>	<u>\$ 97,164</u>
EXCESS OF REVENUES OVER EXPENDITURES			<u>34,431</u>	
FUND BALANCE				
Beginning of year			<u>382,641</u>	
End of year			<u>\$417,072</u>	

See the accompanying notes.

TOWNSHIP OF ELKLAND, TUSCOLA COUNTY

Required Supplementary Information

Budgetary Comparison Schedule

Cemetery Fund

Special Revenue Fund

For the Fiscal Year Ended March 31, 2008

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET- FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Charges for services:				
Sale of Lots	\$ 15,000	\$15,000	\$11,425	\$ (3,575)
Grave openings	20,000	20,000	21,425	1,425
Foundations	10,000	10,000	6,632	(3,368)
Annual care	100	100	-	(100)
Total Charges for Services	45,100	45,100	39,482	(5,618)
Miscellaneous income	1,300	1,300	2,426	1,126
TOTAL REVENUES	46,400	46,400	41,908	(4,492)
EXPENDITURES:				
Sexton's salary	25,500	25,500	25,500	-
Outside labor	30,000	30,000	23,375	6,625
Backhoe work	7,000	7,000	4,975	2,025
Taxes – FICA	2,000	2,000	1,951	49
Materials	3,500	3,500	2,431	1,069
Repairs	14,500	14,500	3,646	10,854
Supplies	3,500	3,500	3,021	479
Telephone	800	800	593	207
Gas & Oil	2,000	2,000	1,470	530
Miscellaneous	500	500	575	(75)
Utilities	1,500	1,500	1,149	351
Insurance	6,700	6,700	7,400	(700)
Lots	500	500	-	500
Cemetery house repair	-	-	-	-
Health Insurance	-	-	-	-
Capital outlay	20,000	20,000	1,064	18,936
TOTAL EXPENDITURES	118,000	118,000	77,150	40,850
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(71,600)	(71,600)	(35,242)	36,358
OTHER FINANCING SOURCES (USES):				
Operating transfers in	71,000	71,000	31,408	(39,592)
Operating transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	71,000	71,000	31,408	(39,592)
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES	(600)	(600)	(3,834)	(3,234)
FUND BALANCE - APRIL 1	7,999	7,999	7,999	
FUND BALANCE - MARCH 31	\$ 7,399	\$ 7,399	\$ 4,165	\$ (3,234)

See the accompanying notes.

TOWNSHIP OF ELKLAND, TUSCOLA COUNTY

Required Supplementary Information

Budgetary Comparison Schedule

Fire Fund

Special Revenue Fund

For the Fiscal Year Ended March 31, 2008

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Intergovernmental:				
Local Units	\$ 41,100	\$41,100	\$39,100	\$ (2,000)
Donations	500	500	-	(500)
Miscellaneous	600	600	54	(546)
Fire runs	20,000	20,000	9,250	(10,750)
TOTAL REVENUES	<u>62,200</u>	<u>62,200</u>	<u>48,404</u>	<u>(13,796)</u>
EXPENDITURES:				
Salaries	30,410	30,410	21,158	9,252
Insurance	14,000	14,000	14,451	(451)
Telephone	1,500	1,500	1,203	297
Gas & Oil	3,500	3,500	2,792	708
Truck repairs	10,000	10,000	11,072	(1,072)
Training & Education	3,300	3,300	1,259	2,041
Supplies	3,500	3,500	1,351	2,149
Dues	500	500	275	225
Miscellaneous	500	500	200	300
Utilities	6,500	6,500	8,297	(1,797)
Repairs – Electronics	1,000	1,000	-	1,000
Repairs – Building	2,500	2,500	1,657	843
FICA Expense	605	605	605	-
Capital outlay	10,000	10,000	3,137	6,863
Legal fees	4,000	4,000	703	3,297
TOTAL EXPENDITURES	<u>91,815</u>	<u>91,815</u>	<u>68,160</u>	<u>23,655</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(29,615)</u>	<u>(29,615)</u>	<u>(19,756)</u>	<u>9,859</u>
OTHER FINANCING SOURCES:				
Operating transfers in	29,000	29,000	-	(29,000)
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>(615)</u>	<u>(615)</u>	<u>(19,756)</u>	<u>(19,141)</u>
FUND BALANCE - APRIL 1	<u>27,561</u>	<u>27,561</u>	<u>27,561</u>	
FUND BALANCE - MARCH 31	<u>\$ 26,946</u>	<u>\$26,946</u>	<u>\$ 7,805</u>	<u>\$ (19,141)</u>

See the accompanying notes.

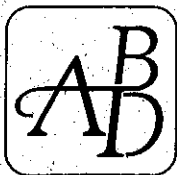
ADDITIONAL INFORMATION

TOWNSHIP OF ELKLAND, TUSCOLA COUNTY
Agency Funds
Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended March 31, 2008

CURRENT TAX COLLECTION FUND

	BALANCE MARCH 31, 2007	ADDITIONS	DEDUCTIONS	BALANCE MARCH 31, 2008
<u>ASSETS</u>				
Cash	\$ 32,736	\$ 4,223	-	\$ 36,959
Taxes Receivable	186,407	2,042,769	\$ 2,041,170	188,006
TOTAL ASSETS	<u>\$ 219,143</u>	<u>\$ 2,046,992</u>	<u>\$ 2,041,170</u>	<u>\$ 224,965</u>
<u>LIABILITIES</u>				
Due to State	\$ 30,010	\$ 30,010	\$ 33,639	\$ 33,639
Due to Tuscola County	46,289	454,443	446,383	38,229
Due to Cass City Schools	83,742	862,909	870,463	91,296
Due to Rawson Library	8,501	102,701	103,066	8,866
Due to General Fund	17,294	176,978	178,102	18,418
Due to Intermediate Schools	33,254	399,538	400,801	34,517
Due to Owengage School	53	14,591	14,538	-
TOTAL LIABILITIES	<u>\$ 219,143</u>	<u>\$ 2,041,170</u>	<u>\$ 2,046,992</u>	<u>\$ 224,965</u>

See the accompanying notes.



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

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Robert L. Tuckey, CPA

July 7, 2008

To the Members of the Board
Township of Elkland

In planning and performing our audit of the financial statements of the Township of Elkland as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Elkland's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. During the course of our audit, we observed the following significant deficiency:

Segregation of Duties

Due to the limited number of people, many critical duties are combined and given to the available employees/board members. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. We recommend the Township segregate duties whenever possible.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses:

Financial Statements

After considering the qualifications of the accounting personnel of the Township of Elkland, we believe that the personnel have the abilities to maintain the day-to-day bookkeeping of the Township, but they do not have the qualifications and abilities to generate financial statements, including the required footnotes, in accordance with accounting principles generally accepted in the United States of America.

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Members of the Board
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Compliance with Budgets

The Township exceeded their budgeted amounts in several instances. This is a PA621 violation. We recommend that the Township amend its budget periodically to insure compliance with the budgeting laws.

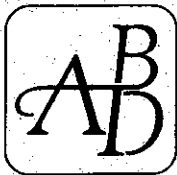
This communication is intended solely for the information and use of management, the Township of Elkland, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to the Township of Elkland and look forward each year to continuing our relationship. The cooperation extended to us by your staff throughout the audit was greatly appreciated. Should you wish to discuss any item included in this letter further, we would be happy to do so.

Very truly yours,

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt & Doran, P.C.
Certified Public Accountants



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

July 7, 2008

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy Franzel

Robert L. Tuckey, CPA

To the Members of the Board
Township of Elkland

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Township of Elkland for the year ended March 31, 2008, and have issued our report thereon dated July 7, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 15, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on May 15, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Elkland are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Township of Elkland changed its accounting policies related to full accrual financial statements by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 34, in 2008. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 1. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 7, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Members of the Board and management of the Township of Elkland and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Anderson, Tuckey, Bernhardt, & Doran, P.C.
Certified Public Accountants